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Asian countries have the most to lose if the multilateral order breaks down

The former diplomat on the shift in the balance of power and the need for Asia to take charge of the global system

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New Delhi: A former career diplomat for the Singapore government, **Kishore Mahbubani** is an astute follower of international relations. The author of *The New Asian Hemisphere: the irresistible shift of global power to the East* was in India recently and took some time off to speak to *Mint* candidly on a range of issues including the emergence of Asia and the fact that China and India can no longer shirk their responsibilities to inspire and sustain the multilateral framework. He is currently dean of the Singapore-based Lee Kuan Yew School of Public Policy. Edited excerpts:

The global economic crisis has made China's ascendance more apparent than otherwise. What does this mean for the aspirations and ambitions of India at one level and that of Japan on the other?



Global transformation: Kishore Mahbubani says the world is in a very plastic phase of history, with everything changing very fast. Vishal / Mint

You are right. It is amazing how the Chinese economy has remained unscathed; by the way, the Indian economy has done none too badly either... The performance of the Asian economies in this crisis shows that in some ways competence of management of economies is shifting to Asia. And, by contrast, you look at the OECD (Organisation for Economic Cooperation and Development) countries, unemployment there is massive; in some cases 15-20%. So, clearly, there has been a high degree of mismanagement there. Even in the US, peak unemployment is 10%. The question is why did this happen.

I think it is important to emphasize that we are in a very plastic phase of history—everything is changing very fast.

I think even the Americans and Europeans are very puzzled as to how badly they have managed their economies; and, they have to do some fundamental rethinking of the premise of their economic policies.

Clearly, Alan Greenspan made a fundamental mistake in thinking the financial sector would self-regulate. In contrast, fortunately, the Reserve Bank of India (RBI) didn't buy the Alan Greenspan philosophy. In some ways, RBI saved India by not buying into this failed philosophy. And, that is quite significant, especially because in the old days whenever you wanted to find some reasons, say in the area of foreign-policy making, you always checked on what Washington DC is doing, what is London thinking, what is Brussels thinking; now, nobody says that... Maybe, you go there for negative lessons.

What about the impact on India and Japan?

For China, the world's most populous country, to have the fastest growing economy for 30 years is not by accident. There is some superior management of the economy... In the case of Japan, unfortunately, they still have not learnt their lesson; it was the top performing economy, society... But very soon, the Chinese economy will surpass that of Japan.

So has China emerged as the most dominant power in Asia?

I don't think it has yet emerged as the most dominant power in Asia. If you look overall, the Chinese economy is too much smaller than the American economy. And, if you look at the military balance of power in East Asia, the US is still the dominant power. I think even the Chinese...realize that they are on a powerful growth trajectory, but they have not arrived as yet. But, the critical thing is that people don't make decisions on the basis of the actual state of play today. You are making bets on how the world will look five years from now and everybody is betting that China will be an even greater power than it is today.

What will the new geo-polity look like in Asia?

The good news in this region is that it is not just economic competence that is shifting to this region, but so is geo-political competence. In my book, I make a comparison between Asean (Association of Southeast Asian Nations) and the European Union (EU) because they are the most successful regional organizations in the world. Now, the EU GNP (gross national product) is about \$17 trillion (around Rs777 trillion) and Asean's GNP is about \$1 trillion. So, in economic terms, the EU is a superpower and Asean is a mini-power.

But in geo-political terms Asean is a diplomatic superpower and EU is a mini-power. Because the EU, even though it manages its relations within its borders very well, has not been able to take care of any problems outside its borders—say in Africa, the Middle East, the Balkans and Russia. By contrast, all the rising powers are in Asia; and if you want to find a platform to bring all of them together on one platform in a new cooperative framework then all this work is being done by Asean... Precisely because it is economically weak and, hence, it cannot be a threat to any of the big powers.

You have talked about the need for the West to shed their intellectual complacency. Is it happening?

It is still in a state of denial. From their point of view, they have been dominant for 200 years. They finally have to believe that this moment of

dominance is coming to an end.

Do you think India and China have it in them to bridge the leadership deficit?

What gets my Asian friends very upset is that I say Asian countries can no longer be free riders in the global system. Because it requires management; nothing happens on its own. Even a car, if you don't maintain it, it will break down... Till now, the US and the EU assumed it was their responsibility to manage the global system; if you open it up more then you benefit. They now believe that if you open up then all the benefits will go to India and China. The question is that if they (the EU and the US) stop maintaining the global system, then who will provide the leadership? That is why the Doha Round (of trade negotiations under the World Trade Organization) is in trouble; the reason why all the previous trading rounds came to a conclusion was because, at the end of the day, the US and the EU pushed for a final agreement, sealed the deal and moved on saying, "Hey, we want to liberalize the global economy".

Now, there is no political will either in the EU or the US to push for a conclusion of the Doha Round because they are frightened that if they liberalize, they will lose their jobs... So, clearly, somebody else has to provide (the leadership) for maintaining the global system. It is shocking that the Asian countries simply refuse to accept the new reality.

So, it is no longer a choice for Asia on whether or not to get involved?

I think the Asian countries have the most to lose if the multilateral order breaks down. Incidentally, if you look back at the beginning of the 20th century and all the wars that happened, they happened because nobody was taking care of the system. We need to ensure that the current global system that we have is sustained and maintained for the next 40-50 years. We are in the period of such a historical aberration; we are seeing on the one hand more great powers emerging today than ever seen in the last 200 years and yet we are seeing far less conflict than ever seen. The number of people dying in what I call inter-state military conflict is at an all time historical low. Is this natural or is it a result of effort? If it is effort, then who is going to ensure that we will continue to push for this effort? And, I find the Asian countries, somehow or the other, have not come to realize that they now have to provide the leadership. Very frankly, people expect India to provide a large part of the leadership too.

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